MALAYSIA BUDGET 2024 HIGHLIGHTS

Economic Reforms, Empowering the People

13 October 2023

[This commentary is based on the Budget 2024 speech on 13 October 2023 and appendices only. An update shall be provided when the Finance Bill is available.]

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BUDGET 2024 HIGHLIGHTS

Belanjawan 2023 MALAYSIA MADANI	VS	Belanjawan 2024 MALAYSIA MADANI
RM388.1 billion	Total Budget	RM393.8 billion
RM289.1 billion	Operating Expenditure	RM303.8 billion
RM99 billion	Development Expenditure	RM90 billion
RM2 billion	Contingency Savings	RM2 billion

Key Pillars

Good Governance for Service Agility

Restructuring of the Economy to Boost Growth

Raising Rakyat's Standard of Living

EXECUTIVE SUMMARY

Prime Minister Dato' Seri Anwar Ibrahim, tabled the Belanjawan 2024 Malaysia MADANI in Parliament on 13 October 2023. The Prime Minister, who is also Finance Minister, highlighted that the Government is determined to uplift the economy of the nation and the Rakyat's standard of living through consolidated efforts.

With the theme of "Economic Reforms, Empowering the People", the second MADANI budget allocates a total of RM393.8 billion in expenditure, the highest tabled by the country with RM303.8 billion set aside for Operating Expenditure and RM90 billion allocated for Development Expenditure, which includes RM2 billion for contingency savings.

The three key pillars of Budget 2024 are as follows:

- Good Governance for Service Agility;
- Restructuring of the Economy to Boost Growth; and
- Raising Rakyat's Standard of Living.

Budget 2024 focuses on economic policies that promotes growth and economic equality to address income disparity. It is notable that various tax reform measures have been proposed to expand the country's revenue base such as the introduction of capital gains tax, high value goods tax and the widening of the scope of service tax.

CONTENT

EXECUTIVE SUMMARY

With the economic and tax reforms from Budget 2024, the Government hopes to achieve gross domestic product ("GDP") growth of between 4% to 5% in 2024. Malaysia aims to increase revenue collection to RM307.6 billion, an increase of 1.45% from RM303.2 billion in 2023. Fiscal deficit is projected to decrease to 4.3% in 2024 as compared to 5% in 2023.

Meanwhile, the implementation of Global Minimum Tax ("GMT") on Multinational Enterprises ("MNEs") has been postponed to 2025. This is a welcomed move especially given the short implementation period originally given to qualified MNEs with an annual consolidated group revenue of at least EUR750 million. This also allows MNEs with a turnover of over RM100 million to prioritise the implementation of e-invoicing by 1st August next year.

To encourage taxpayers to play a role in complying with Environmental, Social and Governance ("ESG") standards, Budget 2024 offers a tax deduction of up to RM50,000 to taxpayers who spend on ESG related services such as implementation of Tax Corporate Governance Framework ("TCGF"), preparation of Transfer Pricing ("TP") Documentation and implementation of e-invoicing, amongst others. This takes from year of assessment ("YA") 2024 to 2027.

In the following pages, we shall highlight the key tax changes in Budget 2024.

PERSONAL TAX

Extension of Tax Relief on Expenses Related to Electric Vehicle (“EV”)

- It is proposed that the tax relief of up to RM2,500 given to a resident taxpayer for the expenditure related to EV charging facilities such as expenses related to installation, rental, purchase of equipment (including hire-purchase) or subscription fees for EV charging facility be extended for another 4 years up to YA 2027.
- The proposal is effective from YA 2024.

Review of Scope for Lifestyle Tax Relief

- It is proposed that the scope of relief of RM2,500 be expanded to include fees for self-enhancement courses while purchase of sport equipment for sport activities and gym membership fee shall be excluded.
- It is proposed that a special tax relief of RM1,000 be given to individual taxpayers for expenses related to sports equipment and activities from YA 2024. The scope of relief covers the purchase of sports equipment, rental / entry fees to sports facilities, registration fees to participate in sports competitions, gym membership fees and sports training fees.
- The proposal is effective from YA 2024.

Extension of Tax Relief for Up-skilling and Self-enhancement Courses Fees

- It is proposed that tax relief for fees on courses undertaken for up-skilling or self-enhancement up to RM2,000 to be extended for another 3 years from YA 2024 to YA 2026.

Expansion of Scope of Tax Relief for Medical Treatment, Special Needs and Carer expenses for Parents

- It is proposed that the scope of the relief for medical expenses incurred for parents be expanded to include full medical examination for parents up to RM1,000 from YA 2024.

Expansion of Scope on Medical Expenses for Self, Spouse and Child

- It is proposed that the scope for income tax relief for medical expenses of RM10,000 be expanded to cover dental examination and treatment expenses from dental practitioners registered with the Malaysian Dental Council limited to RM1,000.

Increase of Income Tax Exemption for Child-care Allowance

- Currently, child-care allowance received by an employee or paid directly by the employer to the child-care center is exempted from tax up to RM2,400 per year.
- It is proposed that the amount of income tax exemption to be increased to RM3,000 from YA 2024.

PERSONAL TAX

Extension of Tax Incentive for Returning Experts Programme ("REP")

- It is proposed that the application period for REP incentive be extended for another 4 years and revised as follows:-
  - Flat income tax rate of 15% for a period of 5 consecutive YAs; and
  - Exemption on excise duty for the purchase of a Completely Knocked-Down ("CKD") vehicle of up to RM100,000.
- This is specified for applications received by Talent Corporation Malaysia Berhad ("Talent Corp") from 1 January 2024 until 31 December 2027.

Extension of Period of Tax Incentive for Women Returning to Work After Career Break

- Currently, an income tax exemption is given on employment income for a maximum of 12 consecutive months to women who return to work after a career break. This income tax exemption is eligible to be claimed in YA 2018 to YA 2024.
- It is proposed that this incentive eligibility criteria be enhanced for applications received by Talent Corp from 1 January 2024 until 31 December 2027 and income tax exemption be on employment income received from YA 2025 until YA 2028.

Review of Tax Incentive for Equity Crowdfunding

- Currently, the individual investor is given income tax exemption on aggregate income equivalent to 50% of the investment made in equity crowdfunding subject to certain conditions.
- It is proposed the tax incentive be expanded to investment made by individual investor through Limited Liability Partnership ("LLP") nominee company and be extended for a period of 3 years for investment made from 1 January 2024 until 31 December 2026.

Extension of Tax Incentive for Angel Investor

- Currently, an angel investor providing capital funding in a tech start-up company is eligible for tax exemption equivalent to the amount of investment made.
- It is proposed that the tax incentive is to be extended for a period of three years for investment made from 1 January 2024 until 31 December 2026 from YA 2024.

CORPORATE TAX

Extension of Income Tax Exemption for Social Enterprise

- Currently, income tax exemption is given on all income of social enterprise up to 3 YAs subject to the validity period of accreditation by the Ministry of Entrepreneur Development and Cooperatives. The above exemption is for applications received by the Ministry of Finance (“MOF”) during the period from 1 January 2022 until 31 December 2023.
- It is proposed that the application period to the MOF is to be extended for 2 years, from 1 January 2024 to 31 December 2025.

Review of Capital Allowance (“CA”) on Information and Communication Technology (“ICT”) Equipment and Computer Software

- It is proposed that effective from YA 2024, the CA rate for ICT equipment and computer software be revised as follows:

Qualifying expenditure	Current CA rates	Proposed CA rates
Purchase of ICT equipment and computer software	Initial allowance: 20% Annual allowance: 20%	Initial allowance: 40% Annual allowance: 20%
Consultation, licensing and incidental fees related to the development of customised computer software		

Industrial Building Allowance (“IBA”) for Senior Citizens Private Nursing Care Home

- To promote the well being of senior citizens, it is proposed that IBA is given to senior citizens private nursing care homes that are approved by the Ministry of Health Malaysia at the rate of 10% of the cost of construction or purchase of the building, including renovation costs for each YA.
- IBA is given for eligible expenses incurred from 1 January 2024 to 31 December 2026.

CORPORATE TAX

Review of Income Tax Exemptions on Shariah-Compliant Fund Management Services

- Currently, 100% tax exemption is given on the statutory income derived from the business of providing Shariah-compliant fund management services to foreign/ local investors and business trust/ Real Estate Investment Trust investors in Malaysia.
- It is proposed the income tax exemption be extended for a period of 4 years from YA 2024 until YA 2027 but with 60% tax exemption.

Extension of Tax Exemption on Management Fees Income for Sustainable and Responsible Investments (“SRI”) Funds

- Currently, the statutory income derived from a business of providing fund management services for SRI funds approved by the Securities Commission Malaysia (“SC”) is exempted from tax until YA 2023.
- It is proposed that the tax exemption period be extended for a period of 4 years, from YA 2024 until YA 2027.

Extension of Tax Deduction on Issuance of SRI Sukuk

- Currently, tax deduction is given on the cost of issuing SRI sukuk that is approved or authorised by, or lodged with, the SC until YA 2023.
- To further promote the issuance of SRI sukuk that achieve green, social and sustainable standards in Malaysia, it is proposed that the above tax deduction be extended for another 4 years from YA 2024 to YA 2027.

Expansion of Scope of Income Tax Exemption on the SRI Sukuk Grant and Bond Grant Scheme

- Currently, recipients of SRI Sukuk Grant and Bond Grant Scheme approved by SC are exempted from income tax from 1 January 2018 to 31 December 2025.
- To further encourage the issuance of SRI sukuk and bonds that achieve green, social and sustainable standards in Malaysia, it is proposed that the income tax exemption be expanded to include SRI-Linked Sukuk Grants and bonds issued under the ASEAN Sustainability-Linked Bond Standards approved by SC.
- This is applicable for applications received by SC from 1 January 2024 until 31 December 2025.

Income Tax Exemption on Income Derived from Selling and Buying of Islamic Securities

- It is proposed that effective from YA 2024, income arising from selling and buying of Islamic Securities are exempt from tax. This is to increase the overall volume of securities trading and liquidity of the Shariah-compliant stock market.

CORPORATE TAX

Income Tax Exemption for Islamic Financial Activities under Labuan International Business and Financial Centre

- Currently, a Labuan entity that undertakes trading activities such as banking or insurance is taxed at a fixed rate of 3% on audited net profits, while a Labuan entity that undertakes non-trading activities such as equity holding is not subject to tax under the Labuan Business Activity Tax Act 1990. Labuan entities are also subject to substantive requirements which are having an adequate number of full-time employees in Labuan and an adequate annual operating expenditure in Labuan.
- It is proposed that full income tax exemption for a period of 5 years be given to a Labuan entity that undertakes Islamic financial-related trading activities such as Islamic digital banking, Islamic digital bourses, ummah-related companies and Islamic digital token issuers.
- The proposal is effective from YA 2024 until YA 2028.

Extension of Tax Incentive for Rental of EV

- Currently, companies renting non-commercial EVs are given tax deduction of up to RM300,000 from YA 2023 to YA 2025.
- It is proposed that the tax deduction on rental cost of non-commercial EVs be extended for a period of 2 years from YA 2026 to YA 2027.

Further Tax Deduction for Voluntary Carbon Market

- It is proposed that further tax deduction up to RM300,000 be given to companies for costs incurred on the development and measurement, reporting and verification related to the development of carbon projects. The further tax deduction is deductible from the carbon credits income traded on Bursa Carbon Exchange.
- The development of carbon projects must be registered with an international standards body recognised by Bursa Malaysia and expenditure on the development of carbon projects must be certified by the Malaysia Green Technology and Climate Change Corporation (“MGTC”).
- Applications for the above further tax deduction are to be received by MGTC from 1 January 2024 until 31 December 2026.
- This proposal is in line with the Government’s aspiration to become a carbon-neutral nation by 2050.

CORPORATE TAX

Review of Conditions for Approval under Section 44(6)

- To enhance tax compliance among institutions/organisations/funds approved under Section 44(6) of the Income Tax Act 1967 ("Income Tax Act"), it is proposed that the approval conditions be reviewed as follows:

  (i) The accumulated funds utilisation limit of not more than 25% for participation in business activities be increased to 35%.

  (ii) Institutions/organisations/funds may choose any of the options below with regards to the limit on the utilisation of accumulated funds for business activities and the requirement to spend income earned for charitable activities:

Option	Utilisation of Accumulated Funds for Business Activities	Threshold of Charitable Activity Expenditure
1	Up to 25%	At least 50% of income earned in the previous year
2	More than 25% and up to 35%	At least 60% of income earned in the previous year

  (iii) Any breach of the approval conditions as stated in the approval letters and the guidelines of Inland Revenue Board Malaysia ("IRBM") will not result in a withdrawal of the approval status under Section 44(6) of the Income Tax Act. The approval status is maintained to ensure that donors remain eligible for tax deduction on contributions made to the approved institutions/organisations/funds throughout the approval period.

  (iv) For any breach of the approval conditions, the institutions/organisations/funds will not be eligible for tax exemption for the YA in which the breach occurred.

- The proposal is effective from YA 2024.

CORPORATE TAX

Tax Deduction on ESG Related Expenditure

- It is proposed that tax deduction of up to RM50,000 be given for each YA on the following ESG related expenditure:

ESG related expenditure	Description
Enhance Sustainability Reporting Framework	ESG reporting by companies listed on Bursa Malaysia
Climate Risk Management and Scenario Analysis	ESG reporting by financial institutions regulated by Bank Negara Malaysia
TCGF of IRBM	Preparation of reports related to TGCF by companies
TP Documentation	Preparation of TP documentation by companies
E-Invoicing implementation	Consultation fees for implementing e-invoicing incurred by MSME
Any reporting requirement related to ESG	ESG reporting by companies to an approved regulator by the MOF

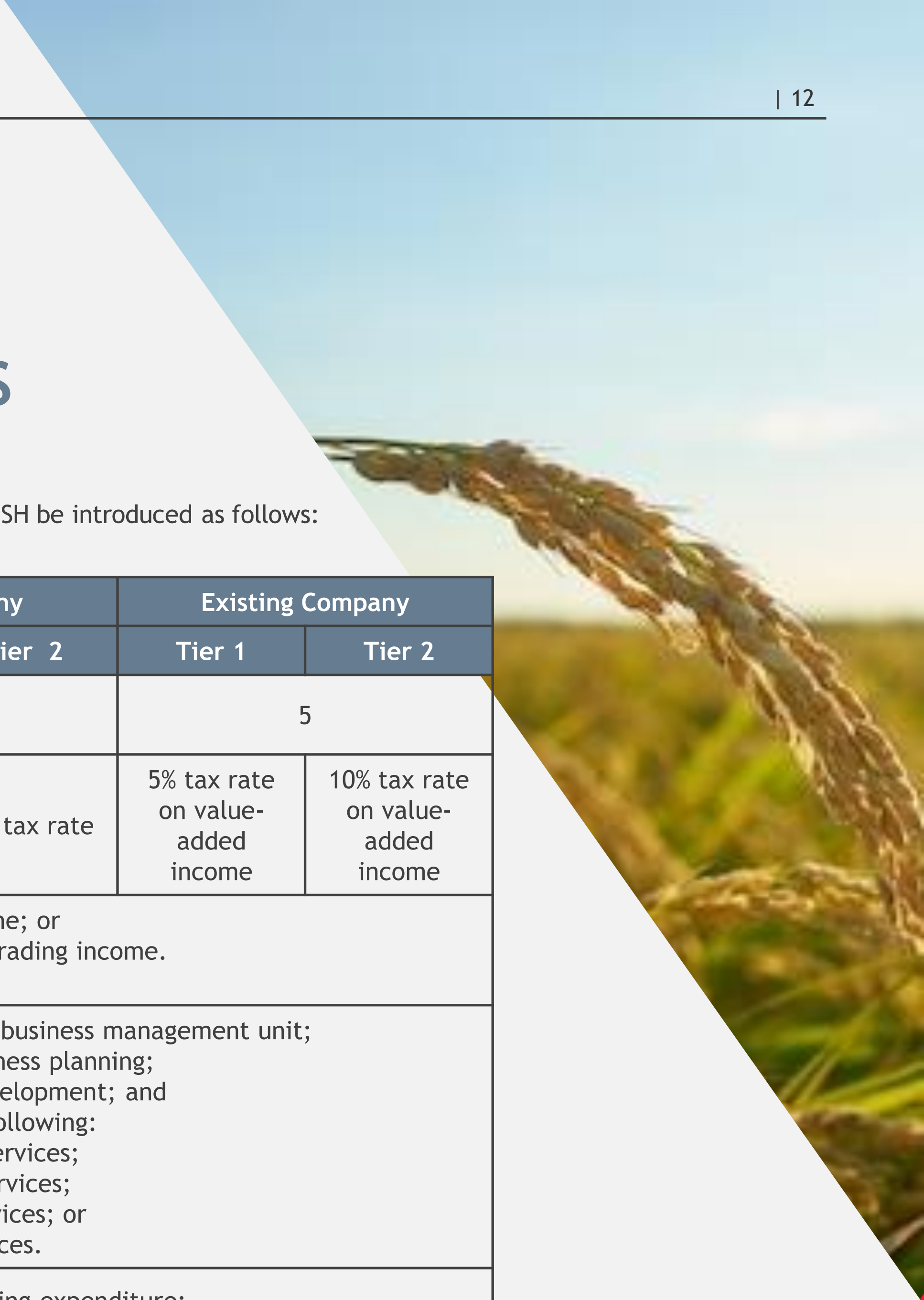
- The above proposal, which takes effect from YA 2024 to YA 2027, aims to encourage more corporate participation in complying with ESG standards as well as enhancing the governance in tax administration system.

Tax Deduction on Contributions for Environmental Preservation and Conservation Projects

- Forest Research Institute Malaysia (“FRIM”) is the Government agency involved in encouraging the participation of the private sector through corporate social responsibility (“CSR”) programmes in tree planting activities as well as instilling awareness and disseminating information to the public on the importance of protecting mother nature.
- To support the CSR programmes implemented by FRIM, it is proposed that tax deduction under Section 34(6)(h) of the Income Tax Act be given to entities contributing or sponsoring activities related to tree planting projects or environmental preservation and conservation awareness projects verified by FRIM.
- This is applicable for applications received by MOF from 1 January 2024 until 31 December 2026.

Tax Deduction for Contributions to Educational Programmes including Sports Education

- It is proposed that a deduction of up to 10% of aggregate income be given to individuals or businesses that contribute to institutions, organisations or funds approved under Section 44(6) of the Income Tax Act, which support educational programmes including sports education.



TAX INCENTIVES

Global Services Hub ("GSH")

- It is proposed that tax incentive for GSH be introduced as follows:

	New Company		Existing Company	
	Tier 1	Tier 2	Tier 1	Tier 2
Exemption years	5 + 5		5	
Tax incentives	5% tax rate	10% tax rate	5% tax rate on value-added income	10% tax rate on value-added income
Types of income exempted	i. Services income; or ii. Services and trading income.			
Qualifying services	i. Regional P&L/business management unit; ii. Strategic business planning; iii. Corporate development; and iv. Any 2 of the following: a) Strategic services; b) Business services; c) Shared services; or d) Other services.			
Conditions (Outcome-based)	i. Annual operating expenditure; ii. High value full-time employees; iii. C-Suite with a minimum monthly salary of RM35,000; iv. Local ancillary services; v. Collaboration with higher education institution/technical and vocational education and training institution; vi. Training for Malaysian students/citizens; vii. Environmental, social and governance elements; or viii. Other conditions as determined by Minister of Finance.			

- It is also proposed that individual income tax rate of 15% be given for a period of 3 consecutive YAs. This is limited to 3 non-citizen individuals holding key/C-suite positions with a monthly salary of at least RM35,000, and are appointed by a new company approved with GSH tax incentive.
- The above is applicable for applications received by the Malaysian Investment Development Authority ("MIDA") from 14 October 2023 until 31 December 2027.
- The above proposal aims to maintain Malaysia's competitiveness as a key player in the global services sector and to make the country a high-impact strategic service hub.

TAX INCENTIVES

Green Technology

- Companies undertaking qualifying green activities are currently given tax incentives as follows:
  - i. Green Investment Tax Allowance ("GITA")
    - a) Investment Tax Allowance ("ITA") of 100% on capital expenditure for qualifying green activities for a period of 3 years, to be set-off against up to 70% of statutory income.
  - ii. Green Income Tax Exemption ("GITE")
    - a) Income tax exemption of 70% of statutory income on qualifying green services activities for a period of 3 YAs; and
    - b) Income tax exemption of 70% of statutory income for a period of up to 10 YAs on solar leasing activity.

- It is proposed that the above tax incentive for green technology be reviewed as follows:
  - i. GITA project (business purposes) - for applications received by MIDA from 1 January 2024 until 31 December 2026:

Qualifying activities	GITA	Statutory income to be set-off against	Incentive period
Tier 1 Green hydrogen	100%	100% or 70%	Up to 10 years (5+5)
Tier 2 i. Integrated waste management ii. EV charging station	100%	100%	5 years
Tier 3 i. Biomass ii. Biogas iii. Mini hydro iv. Geothermal v. Solar vi. Wind energy	100%	70%	5 years

TAX INCENTIVES

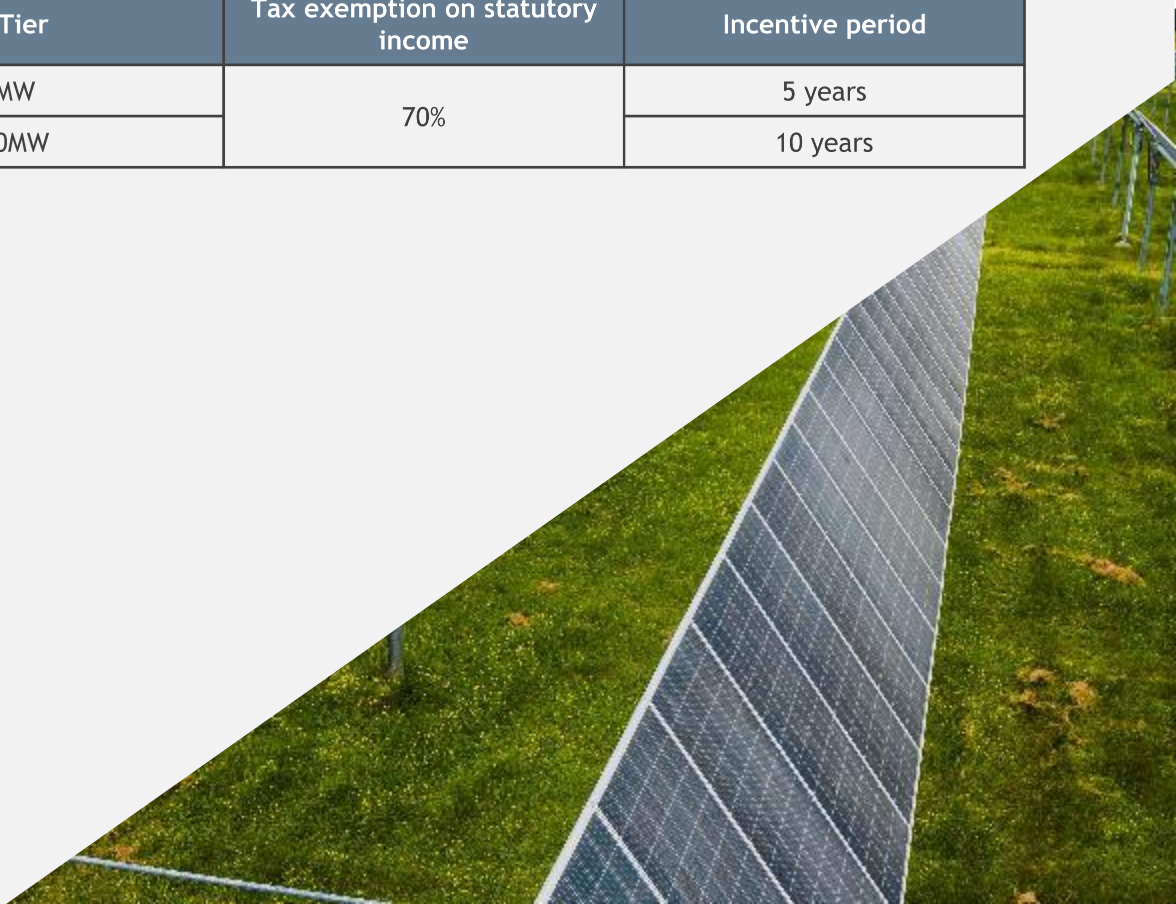
Green Technology (Cont'd)

ii. GITA asset (own consumption) – for qualifying capital expenditure as verified by the Malaysian Green Technology and Climate Change Corporation for the purchase of green technology assets starting from 1 January 2024 until 31 December 2026:

Qualifying activities	GITA	Statutory income to be set-off against	Incentive period
Tier 1 i. List of qualifying assets approved by Minister of Finance ii. Battery energy storage system iii. Green building	100%	70%	Qualifying capital expenditure incurred from 1 January 2024 to 31 December 2026
Tier 2 i. List of qualifying assets approved by Minister of Finance ii. Renewable energy system iii. Energy efficiency	60%	70%	

iii. GITE solar leasing - for applications received by MIDA from 1 January 2024 until 31 December 2026.

Tier	Tax exemption on statutory income	Incentive period
>3MW to ≤10MW	70%	5 years
>10MW to ≤30MW		10 years



TAX INCENTIVES

Reinvestment Under the New Industrial Master Plan 2030 (“NIMP”)

- To encourage companies to increase their capacity and invest in high-value activities under the NIMP, it is proposed that companies who have exhausted their reinvestment allowance eligibility period be eligible for ITA as follows:
  - (i) Tier 1 – 100% of qualifying capital expenditure to be set-off against 100% of statutory income; or
  - (ii) Tier 2 – 60% of qualifying capital expenditure to be set-off against 70% of statutory income.
- The eligible ITA rate will be determined by the outcome-based approach.
- The above is for applications received from 1 January 2024 until 31 December 2028.

Automation in Manufacturing, Services and Agriculture Sectors

- Currently, the tax incentive for manufacturing, services and agricultural companies that incurred capital expenditure for automation equipment including adaptation of Industry 4.0 elements are as follows:
  - (i) 100% accelerated CA on the first RM10 million of the qualifying capital expenditure; and
  - (ii) 100% income tax exemption on the same capital expenditure.
- It is proposed that the above tax incentive be expanded to include the commodity sector under the Ministry of Plantation and Commodities (“MPC”).
- This is applicable for applications received by MPC from 14 October 2023 until 31 December 2027.
- The above proposal aims to increase agricultural productivity and minimise dependency on foreign labour.

Pengerang Integrated Petroleum Complex (“PIPC”)

- To turn PIPC into a development hub for the chemical and petrochemical sector, it is proposed that it be eligible for a tax incentive package in the form of a special tax rate or ITA. It is expected that further details regarding this incentive will be announced at a later date.

Film Production

- It is proposed that a special income tax rate of 0% to 10% be given to film production companies, foreign film actors and film crews who carry out filming in Malaysia. No further details are made available at present.
- The above proposal aims to encourage the entry of foreign film productions into Malaysia.

CAPITAL GAINS TAX

Capital Gains Tax ("CGT") on Disposal of Unlisted Company Shares

- There is currently no tax imposed on gains from the disposal of shares in Malaysia other than real property gains tax ("RPGT") on shares in real property companies which is imposed at the rate of 10% to 30% depending on the holding period.
- In line with the announcement made in the re-tabled Budget 2023 on 24 February 2023, it is proposed that CGT be imposed on the disposal of unlisted shares by companies with effect from 1 March 2024 as follows:

Shares acquisition date	CGT rate
Before 1 March 2024	Taxpayer may choose: i. 10% on the net gain of the disposal of shares; or ii. 2% on the gross sales value
From 1 March 2024	10% on net gain of the disposal of shares

- To ensure the smooth implementation of CGT and reduce the cost of doing business, it is proposed that CGT exemption be given on the disposal of shares related to the following activities subject to conditions to be prescribed:

  i. Initial Public Offering ("IPO") approved by Bursa Malaysia; and

  ii. Restructuring of shares within the same group.

STAMP DUTY

Review of Stamp Duty for Transfer of Property Ownership by Renunciation of Rights

- Currently, the transfer of property ownership involving inheritance property by way of transfer of ownership from the administrator of the estate to an eligible beneficiary in accordance with a will/faraid or the Distribution Act 1958 is subject to a fixed duty of RM10. However, if the eligible beneficiary renunciates his/her right to another eligible beneficiary or non-beneficiary, ad valorem duty of 1 to 4% will be charged.
- In line with the Malaysia MADANI pillars which prioritise the prosperity of Rakyat and nurture compassion values, it is proposed that the transfer of property ownership in which the eligible beneficiary renunciates his/her right to another eligible beneficiary in accordance with a will/faraid or the Distribution Act 1958 be subjected to a fixed duty of RM10.
- The proposal is for instrument of transfer of property ownership executed from 1 January 2024.

Review of Stamp Duty for Purchase of Property by Foreign-owned Companies and Non-citizens

- Foreign-owned companies and non-citizen individuals are allowed to own property in Malaysia and are subjected to stamp duty on instrument of transfer of property at the ad valorem rate same as the Malaysian citizens as follows:

Sale consideration / market value of property (whichever is higher)	Stamp duty rate
First RM100,000	1%
RM100,001 to RM500,000	2%
RM500,001 to RM1,000,000	3%
RM1,000,001 and above	4%

- As part of the property price control mechanism, it is proposed that a flat rate stamp duty of 4% be imposed on instruments of transfer of property executed by foreign-owned companies and non-citizen individuals (excluding Malaysian permanent residents).
- The proposal is for instrument of transfer of property ownership executed from 1 January 2024.

INDIRECT TAX

Expansion of Taxable Service Scope and Increase in the Service Tax Rate

- In line with measures to expand the revenue base, it is proposed:

Expansion of Taxable Service Scope

➢ The existing taxable services be expanded to include new type of taxable services as follows:

i. Group C: Karaoke centre services;

ii. Group I:

a) Delivery services (except for delivery of food and beverage);

b) Brokerage and underwriting services for non-financial services such as brokerage for ship and aircraft space, commodity and real estate; and

c) Logistic services.

➢ For the purpose of mandatory registration by service providers of karaoke centers, delivery services, brokerage and underwriting (other than financial) and logistics, the threshold value of taxable service is set at RM500,000.

Increase in the Service Tax Rate

➢ Service tax rate is increased from 6% to 8% on all taxable services **except** for the following taxable services which are subject to service tax at the rate of 6%:

i. Group B: Food and beverage;

ii. Group I: Telecommunication services;

iii. Group I: Vehicle parking space services; and

iv. Group I: Logistic services.

- The above shall take effect from 1 March 2024.

INDIRECT TAX

High Value Goods Tax

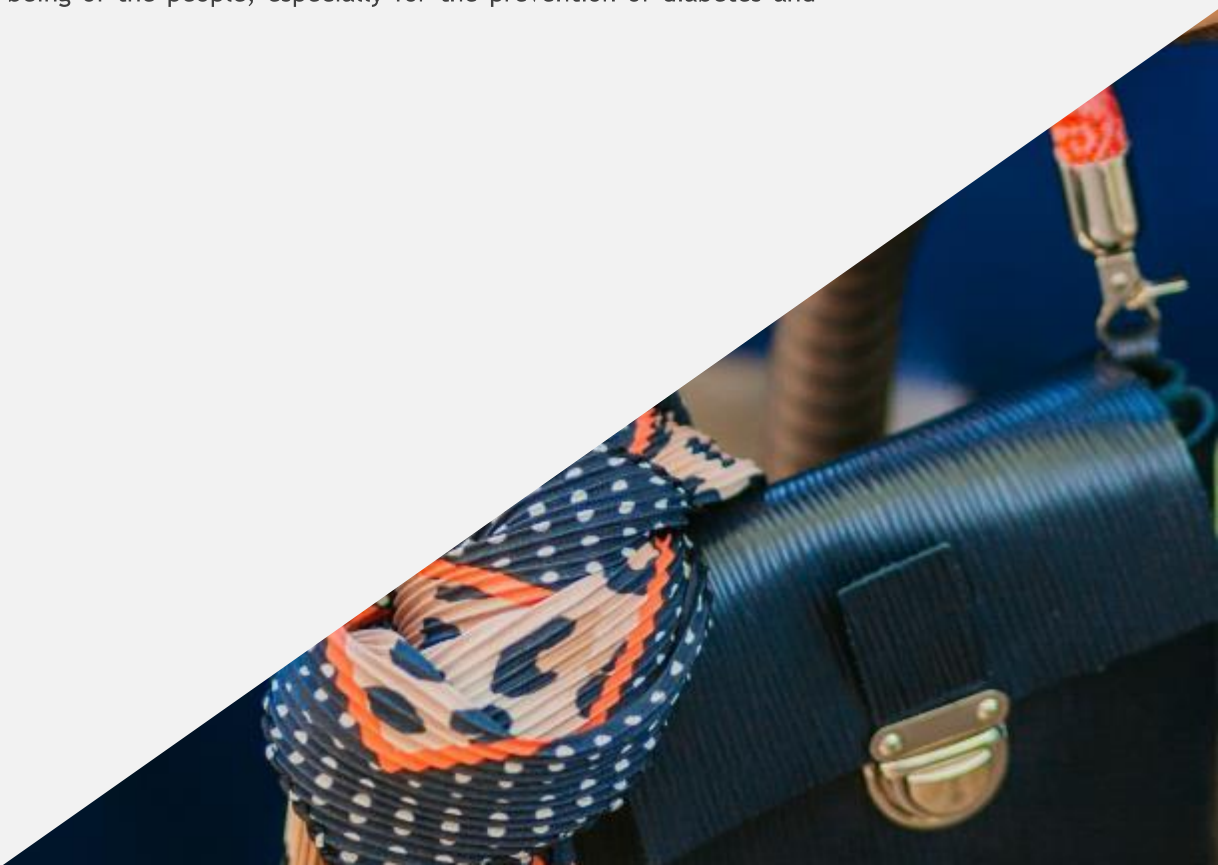
- In the re-tabled Budget 2023 on 24 February 2023, the Government proposed to introduce a tax on luxury goods to expand the tax base to those with means.
- Following the above proposal, a new legislation will be enacted to implement a tax on certain high value goods, such as jewellery and watches, based on the threshold value of the goods at a rate ranging from 5% to 10%.
- The details and effective date of the above have not been announced.

Import Duty and Sales Tax Exemption on Manufacturing Aids

- It is proposed that the import duty and sales tax exemption be given to eligible manufacturers on the local purchase and importation of manufacturing aids subject to the types of industry and category of goods to be determined.
- This proposal aims to enhance the competitiveness of manufacturing sector in Malaysia and will take effect from 1 January 2024.

Review of Excise Duty Rate on Sugar Sweetened Beverages

- It is proposed that the excise duty rate for sugar sweetened beverages be increased from RM0.40 per litre to RM0.50 per litre with effect from 1 January 2024.
- This proposal is in line with the Government's continued efforts to improve the health and well-being of the people, especially for the prevention of diabetes and obesity.



INDIRECT TAX

Imposition of Excise Duty on Chewing Tobacco

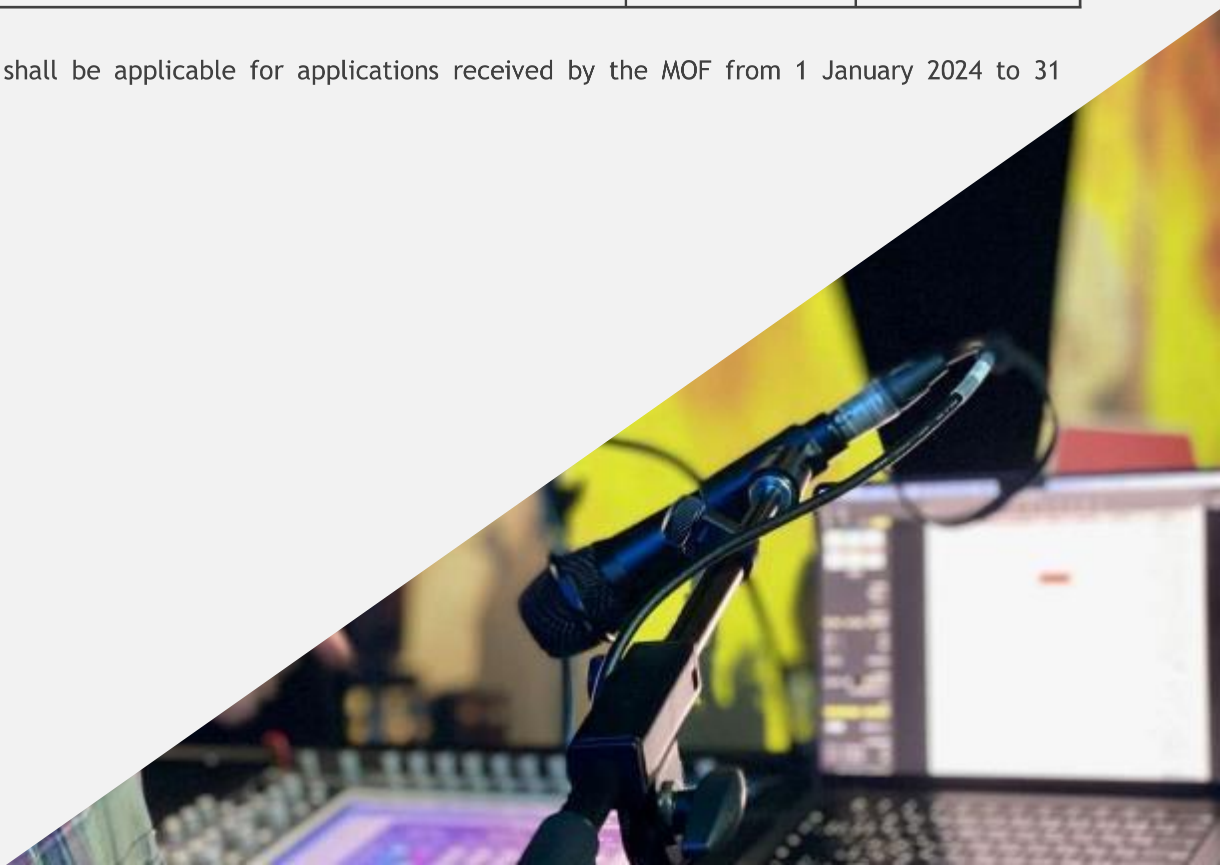
- To improve the health and well-being of the people and considering the health risk of consuming chewing tobacco, it is proposed that excise duty at a rate of 5% + RM27/kg be imposed on chewing tobacco under the tariff code 2403.99.5000.
- This excise duty will be imposed with effect from 1 January 2024.

Entertainments Duty Exemption in the Federal Territories

- To support national creative industry's development, nurturing cultural unity and strengthening family bonding, it is proposed that partial or full exemption of the current entertainments duty be given to selected type of entertainments held in the Federal Territories as follows:

<table>
<tr><th rowspan="2">No</th><th rowspan="2">Type of Entertainments</th><th colspan="2">Entertainment Duty Rate</th></tr>
<tr><th>Current</th><th>Proposed</th></tr>
<tr><td>1</td><td>Stage performance by international artist / Light Show / Circus</td><td rowspan="6">25%</td><td rowspan="4">10%</td></tr>
<tr><td>2</td><td>Film screening (Cinema) / Theatre</td></tr>
<tr><td>3</td><td>Exhibitions / Zoo / Aquarium</td></tr>
<tr><td>4</td><td>Sports Event / E-sports / Bowling / Snooker / Pool / Billiard / Karaoke</td></tr>
<tr><td>5</td><td>Theme park / Family Recreation Centre / Indoor Games Centre / Simulator</td><td>5%</td></tr>
<tr><td>6</td><td>Stage performance by local artists</td><td>0%</td></tr>
</table>

- The new rates shall be applicable for applications received by the MOF from 1 January 2024 to 31 December 2028.



OTHERS

Deferment on e-Invoice Implementation Timelines

- It is proposed that the deadline for mandatory implementation of e-Invoice for taxpayers with an annual turnover or revenue of more than RM100 million be deferred from 1 June 2024 to 1 August 2024.
- Meanwhile, the deadline for mandatory implementation of e-invoice for other annual turnovers would need to be clarified later.

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